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**ATLAS EXPLORATIONS LIMITED**

**FIFTH  
ANNUAL  
REPORT**

**DECEMBER 31st, 1970**





**ATLAS EXPLORATIONS LIMITED  
AND SUBSIDIARY COMPANIES**

**DIRECTORS:**

Dr. Aaro E. Aho, West Vancouver, B.C.  
R. E. Gordon Davis, Vancouver, B.C.  
John Bruk, West Vancouver, B.C.  
H. R. Whittall, Vancouver, B.C.

**OFFICERS:**

Dr. Aaro E. Aho, President  
R. E. Gordon Davis, Executive Vice-President  
John Bruk, Secretary and General Counsel  
John S. Brock, Vice-President—Exploration  
Selwyn B. Jones, Vice-President—Corporate

**SOLICITORS:**

Lawrence & Shaw, Vancouver, B.C.

**AUDITORS:**

McDonald, Currie & Co., Vancouver, B.C.

**TRANSFER AGENT:**

The Guaranty Trust Company of Canada,  
Vancouver, B.C.

**HEAD OFFICE:**

330 - 355 Burrard Street  
Vancouver 1, B.C.

**ANNUAL MEETING:**

Tuesday, May 18th, 1971 at 2:00 p.m.  
Vancouver Island Room, Hotel Vancouver,  
Vancouver 1, B.C.



# ATLAS EXPLORATIONS LIMITED

## AND SUBSIDIARY COMPANIES

### REPORT TO SHAREHOLDERS

#### Introduction

Atlas Explorations and its associated company Dynasty Explorations are a mineral exploration organization with many years' experience in Canada, Chile, Australia, U.S. and other countries, having discovered and explored nearly two hundred mineral prospects including the Anvil zinc-lead mine, Lake Erie gas field and Sierra Gorda copper-molybdenum deposit. The main assets of Atlas are 62% interest in Sierra Gorda, 183,100 shares of Dynasty, 100% of Atlas Oil & Gas, 40-100% in several mineral properties in Yukon, and an interest in exploration in the Anvil district.

With gas production starting from Lake Erie, major exploration projects under way, and good drill results at Sierra Gorda, 1970 promised to be a successful year but several factors beyond our control made it a very difficult one. The two main producing gas wells in Lake Erie were shut in as a result of change in government policy with respect to possible pollution risks and our remaining production froze off in December; the Quetena mine in Chile had to be closed due to decreased copper prices and depletion of ore; further development of Sierra Gorda was delayed pending establishment of a new Chilean government and further financing; Dynasty shareholdings, used for collateral in bank financing, decreased drastically in price due to Anvil mine problems, drop in metal prices and other factors; and new exploration in Yukon became difficult to finance due to threat of increased taxation and restrictive regulations. Our financial statements reflect these adverse factors and may tend to overshadow our considerable exploration progress.

The Lake Erie problem placed Atlas in a difficult financial position which is now gradually being resolved; the Anvil mine operation is improving substantially, as are metal prices; agreement has been reached in principle with a Chilean government agency to negotiate a joint venture to proceed with Sierra Gorda development; and several of the Yukon projects are to be explored in 1971 under joint ventures.

#### Atlas Oil & Gas (100% owned)

Exploration and development drilling undertaken in Lake Erie in 1967 and 1968 indicated natural gas reserves of 4.88 billion cubic feet with possible reserves totalling 11.2 billion cubic feet. These indications justified construction of 22 miles of pipeline and a purification plant which were completed early in 1970.

Production commenced in February 1970 and had reached 5.0 million cubic feet per day when the Ontario Government directed closure of Wells No. 7 and 12, the two most productive wells in the field, as possible pollution risks. Production was immediately reduced to 1.0 million cubic feet per day and continued near that level until December. Well No. 5, which had been suspended in 1967, was then successfully recompleted with an initial open flow of 4.9 million cubic feet but stimulation resulted in a freeze-up, shutting off all production. Production from this well, anticipated to come on stream by mid-May, will considerably alleviate the economic pressure caused by ill-founded closure of wells No. 7 and No. 12.

The effects of over-zealous government application of pollution control restrictions in Lake Erie are serious and provision has been made in the financial statements against the possible reduced earning capability of the gas field. Any easing of current restrictions or a successful appeal, now in progress, against the closure instructions issued by the Minister of Mines for Ontario would permit a return to anticipated production levels and the opportunity to explore for and to develop additional reserves.

A unitisation program for the Willey Oil Field in Dunwich township is proceeding according to plan and start-up is scheduled for July 1st, 1971. The Company's 10.5% interest in the unitised field is forecast to earn an average of \$50,000 per year over the first six years and \$15,000 per year for the remaining six years of operation.

#### Quetena

The Quetena mine in northern Chile was started in 1966 as an in-situ copper leaching operation from dumps and a partly-mined-out deposit. The objective was to generate cash flow relatively quickly and to build up experience in Chile while exploration for larger deposits such as Sierra Gorda was carried on. This operation suffered chronically from poor results in dump leaching, inefficient plant layout and operation and lack of effective management which was difficult to obtain for such a small operation. With decline in production and copper prices, shutdown was decided in July 1970 and the operation is being leased back to its original owner. A loss is reflected in the financial statements although it is conceivable that this might be recovered from future operation or new development.

#### Sierra Gorda (62% interest)

The Sierra Gorda deposit in northern Chile was discovered in 1970 after two years of saturation exploration including extensive drilling at a total joint venture cost of about \$950,000. It is conservatively estimated by Chapman, Wood & Griswold to contain approximately 20 million tons of sulphide mineralization with a weighted average of about 1.0% copper and 0.15% molybdenite (1.3% equivalent), or 30 million tons of lower grade. The last drill hole in June 1970, included in the estimate, gave an exceptionally good vertical intersection of 413 feet averaging 2.13% copper and 0.182% molybdenite or about 2.5% equivalent, indicating a significant zone of higher grade. Preliminary metallurgical tests in the fall of 1970 indicated possible recoveries in the order of 90% for copper and 50 to 70% for molybdenum. Limits of the deposit were only partly delineated by diamond drilling, oxide values were not tested, and the immediate surroundings are considered to have excellent exploration potential. The property is ideally situated at 5500 feet elevation and 4 miles from the village of Sierra Gorda which is on a paved highway and railway extending to the seaport of Antofagasta 80 miles away.



Preliminary studies indicate feasibility of an open pit operation and recommend a program of cubication drilling, shaft sinking, cross cutting, bulk sampling, pilot plant testing and plant design. This program would cost about \$2.5 million and final cost of bringing the property into production at a rate of 5000 tons per day is estimated to be in the order of U.S. \$40 million.

In April 1971, agreement was reached in principle with a Chilean government agency to negotiate a joint venture to proceed with the project in general accordance with existing norms. Final negotiations, financing and organization of the project are expected to proceed in the near future.

### **Mineral Exploration**

During 1970, extensive new regional and detailed mineral exploration was carried out on a 60/40 Dynasty/Atlas joint venture basis and other projects were explored in joint ventures. Approximately \$1.3 million was spent on mineral exploration in Yukon and British Columbia with joint venture partners in 1970. To broaden contacts, diversify exploration funds and spread risks, new joint ventures are being formed in 1971 with other mining and oil companies on several properties.

#### *Dawson Range (Victor Project)*

Regional and property exploration, consisting of geologic, geochemical and geophysical search for porphyry copper-molybdenum deposits, was carried out over 16,000 square miles of this relatively virgin mineral belt in which the large low-grade Casino deposit was discovered in 1969. Five properties totalling 723 claims were explored including 3500 feet of diamond drilling in a joint venture on the Klazan property, which showed low values. Three new properties totalling 365 claims were staked.

In the Nisling range, the Max property, covering numerous copper-molybdenum occurrences, complex intrusive activity, silification, brecciation and coincident magnetic-geochemical anomalies, is to be explored and drilled in 1971 under a new joint venture.

Followup work is being considered in other localities of interest since this unglaciated mineral belt probably contains economic deposits that are leached, weathered down and covered by overburden.

#### *Anvil District (Tintina Project)*

Regional exploration along the Tintina Trench, started in 1969, was continued in the Magundy and Fyre Lake areas in 1970. From August to December work was concentrated in the Anvil district and 205 claims were staked over previously unrecognized sections of the favourable phyllite belt. Geologic, geochemical and geophysical surveys were carried out and one 650-foot hole was diamond drilled to test a coincident gravity-magnetic anomaly with negative results.

The known Faro, Vangorda and Swim deposits of massive sulphides have been found at intervals from 6 to 12 miles apart in the phyllites near the present fortuitous erosion surface, extensive overburden areas are still unexplored, and chances of discovery by new techniques are considered excellent. In May 1971, a deep-penetrating airborne electromagnetic survey is to be flown, followed by ground surveys and drilling. If Atlas does not contribute to the 1971 program it will retain 20% interest and can reinstate its 40% by paying double its share of expenditures up to any time within the calendar year.

Some of this work is to be co-ordinated with exploration being done independently by Anvil Mining Corporation. Discovery of new reserves on Anvil's holdings would also benefit Dynasty and could lead to improved operations and smelter feasibility.

#### *Hess Project*

In 1970, four seasons of regional and property exploration were completed in the Hess Area by Atlas (45% interest) in joint venture with Philipp Brothers and Quebec Cartier Mining. Work consisted of regional geochemistry, continued exploration on the Scot property, and geophysical surveys and 3500 feet of diamond drilling on the Owl zinc-copper property. In 1971 further work including drilling is planned to test high zinc geochemical anomalies on the Scot property.

#### *Other Projects*

Mapping was carried out in the Tantalus coal basin in Yukon and one coal license is retained at Walsh Creek for future drill testing of a lignite coal occurrence.

Diamond drilling was carried out on three joint venture projects, Whiterocks near Kelowna, B.C., Mercury-Endako, B.C., and Cub Creek Yukon, but all were terminated due to inconclusive or negative results.

Exploration is being continued on the Cab tungsten property by a new joint venture.

Other joint ventures either being negotiated or under consideration include Mt. Hundere lead-zinc, Pay zinc, Pike copper-silver, Nip tungsten, Dub copper and Galena Hill silver-lead.

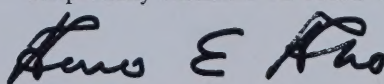
Numerous properties were examined in British Columbia, Yukon, Alaska and Washington State, none of which were considered suitable for continued exploration.

### **Conclusion**

Since beginning of the Dynasty/Atlas organization we have achieved results commensurate with the high risks of mineral exploration, have developed maturity of experience, and intend to persevere in making other significant discoveries and developments.

We wish to thank investors, personnel, associates and government officials for their co-operation and contribution to our progress.

Respectfully submitted on behalf of the Board of Directors.



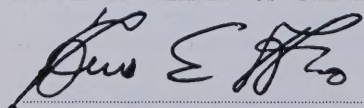
Aaro E. Aho President

**ATLAS EXPLORATIONS LIMITED**  
AND SUBSIDIARY COMPANIES

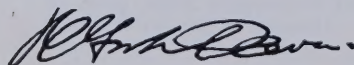
**CONSOLIDATED BALANCE S**

	1970 \$	1969 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash .....	40,980	93,813
Marketable securities (notes 3, 7 and 8) .....	1,095,117	1,459,232
Accounts receivable .....	150,855	215,942
Concentrate settlements receivable — at estimated net realizable value .....	12,442	29,088
Concentrate inventories — at estimated net realizable value .....	39,549	118,015
Mine materials and supplies — at cost .....	28,500	104,223
	<u>1,367,443</u>	<u>2,020,313</u>
DEPOSITS AND LOANS — at cost .....	10,000	96,060
<b>PARTICIPATION IN EXPLORATION JOINT VENTURES</b>		
(notes 1 and 4) .....	1,268,303	1,660,324
MINERAL PROPERTIES AND RELATED COSTS (notes 1 and 5) .....	3,071,342	4,041,595
FIXED ASSETS (note 6) .....	1,199,198	1,425,610
ORGANIZATION COSTS .....	9,616	6,967
	<u>6,925,902</u>	<u>9,250,869</u>

SIGNED ON BEHALF OF THE BOARD



Director



Director



# AS AT DECEMBER 31, 1970

## LIABILITIES

	1970 \$	1969 \$
<b>CURRENT LIABILITIES</b>		
Bank advances (note 7) .....	595,644	75,600
Accounts payable and accrued liabilities .....	249,045	455,269
Current portion of long-term debt .....	333,000	333,000
	<u>1,177,689</u>	<u>863,869</u>
<b>LONG-TERM DEBT (note 8) .....</b>	<b>667,000</b>	<b>667,000</b>
<b>EXCHANGE ADJUSTMENT</b> arising on consolidation of subsidiary company having a foreign division .....		6,943
<b>MINORITY INTEREST</b> in net assets of consolidated subsidiary companies .....	310,225	30,000
	<u>2,154,914</u>	<u>1,567,812</u>

## SHAREHOLDERS' EQUITY

<b>CAPITAL STOCK (note 9)</b>		
Authorized —		
10,000,000 shares of the par value of 50c each		
Issued and fully paid —		
4,959,262 (1969; 4,893,699) shares .....	2,479,631	2,446,849
<b>SHARES TO BE ISSUED .....</b>		98,414
<b>SURPLUS .....</b>	<b>2,291,357</b>	<b>5,137,794</b>
	<u>4,770,988</u>	<u>7,683,057</u>
	<u>6,925,902</u>	<u>9,250,869</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Atlas Explorations Limited and subsidiary companies as at December 31, 1970 and the statements of consolidated surplus, earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
April 30, 1971

McDONALD, CURRIE & CO.  
Chartered Accountants

**ATLAS EXPLORATIONS LIMITED**  
AND SUBSIDIARY COMPANIES

**Statement of Consolidated Earnings for the Year Ended December 31, 1970**

	1970 \$	1969 \$
<b>MINING</b>		
Net revenue from concentrates produced .....	433,337	429,978
Operating costs .....	469,365	345,233
Operating loss (income) .....	36,028	(84,745)
Other expenses		
Depreciation .....	174,219	172,634
Amortization of preproduction costs .....	158,664	148,103
Provision for Chilean income taxes .....		1,512
	332,883	322,249
Net loss from mining operation .....	368,911	237,504
<b>OIL AND GAS</b>		
Net revenue from gas and crude oil sales .....	151,929	83,499
Operating costs .....	296,705	48,184
Operating loss (income) .....	144,776	(35,315)
Other expenses		
Depreciation .....	35,130	
Amortization of preproduction costs .....	58,907	13,715
	94,037	13,715
Net loss (income) from oil and gas operation .....	238,813	(21,600)
<b>LOSS FOR THE YEAR BEFORE EXTRAORDINARY ITEMS</b>		
(loss per share: 1970—12¢; 1969—5¢ (note 12)) .....	607,724	215,904
<b>EXTRAORDINARY ITEMS</b>		
Preproduction and mineral property costs		
of Chilean mine written-off (note 5(c)) .....	678,526	
Costs of closing Chilean mine .....	18,039	
Costs relating to mineral properties and joint		
venture participation abandoned .....	97,458	140,818
Gain on disposal of mineral properties .....		(37,408)
Gain on disposal of marketable securities .....	(65,812)	
Write-down of marketable securities to quoted value at end of year .....	316,833	
Provision for non-recovery of gas exploration costs (note 5(d)) .....	1,300,000	
Other .....	5,087	
	2,350,131	103,410
<b>LOSS FOR THE YEAR (loss per share: 1970—60¢; 1969—7¢ (note 12)) .....</b>	<b>2,957,855</b>	<b>319,314</b>



**ATLAS EXPLORATIONS LIMITED**  
AND SUBSIDIARY COMPANIES

**Statement of Consolidated Surplus**  
**For the Year Ended December 31, 1970**

	1970 \$	1969 \$
<b>CONTRIBUTED SURPLUS</b>		
Balance — beginning of year .....	<u>6,401,361</u>	<u>5,038,664</u>
Change during the year —		
Excess of proceeds of sale over par value of shares issued for —		
Cash .....	77,078	1,362,697
Additional interest in a joint venture .....	<u>34,340</u>	<u>1,362,697</u>
	<u>111,418</u>	<u>1,362,697</u>
Balance — end of year .....	<u>6,512,779</u>	<u>6,401,361</u>
<b>DEFICIT</b>		
Balance — beginning of year .....	1,263,567	944,253
Loss for the year .....	<u>2,957,855</u>	<u>319,314</u>
Balance — end of year .....	<u>4,221,422</u>	<u>1,263,567</u>
<b>SURPLUS—END OF YEAR</b> .....	<u>2,291,357</u>	<u>5,137,794</u>

**Statement of Consolidated Source and Use of Working Capital**  
**For the Year Ended December 31, 1970**

	1970 \$	1969 \$
<b>SOURCE</b>		
Operations .....		118,575
Issue of capital stock .....	<u>45,786</u>	<u>1,586,282</u>
Received on shares to be issued .....		98,414
Bank loan .....		1,000,000
Disposal of mineral properties .....		62,145
Deposits and loans repaid .....	86,060	
Disposal of fixed assets .....	<u>55,988</u>	
	<u>187,834</u>	<u>2,865,416</u>
<b>USE</b>		
Operations .....	<u>461,893</u>	
On mineral properties —		
Oil and gas exploration .....	14,294	304,214
Mining exploration .....	<u>2,481</u>	<u>15,731</u>
On joint ventures —		
Mining exploration .....	1,364,692	
Deduct: Received from joint venture partners .....	<u>767,935</u>	<u>613,305</u>
Fixed assets .....	<u>76,450</u>	<u>1,156,676</u>
Long-term debt .....		333,000
Investments — net .....		6,498
Organization costs .....	<u>2,649</u>	
	<u>1,154,524</u>	<u>2,429,424</u>
(DECREASE) INCREASE IN WORKING CAPITAL .....	<u>(966,690)</u>	<u>435,992</u>
<b>WORKING CAPITAL — BEGINNING OF YEAR</b> .....	<u>1,156,444</u>	<u>720,452</u>
<b>WORKING CAPITAL — END OF YEAR</b> .....	<u>189,754</u>	<u>1,156,444</u>
<b>REPRESENTED BY:</b>		
Current assets .....	<u>1,367,443</u>	<u>2,020,313</u>
Less: Current liabilities .....	<u>1,177,689</u>	<u>863,869</u>
<b>WORKING CAPITAL</b> .....	<u>189,754</u>	<u>1,156,444</u>

# ATLAS EXPLORATIONS LIMITED

## AND SUBSIDIARY COMPANIES

### Notes to Consolidated Financial Statements

For the Year Ended December 31, 1970

#### 1. VALUES

The amounts shown for participation in exploration joint ventures and mineral properties and related costs represent costs incurred to date and are not intended to reflect present or future values.

#### 2. PRINCIPLES OF CONSOLIDATION

(a) The consolidated financial statements include the accounts of all subsidiary companies, namely:

Atlas Copper Company Ltd. (N.P.L.)  
Atlas Explorations (Australia) Limited  
Atlas Oil and Gas Limited  
Cima Mines Limited  
Mt. Hundere Mines Limited (N.P.L.)  
Atsui Mining Corporation Limited (N.P.L.)  
Fortin Mining Corporation Limited (N.P.L.)

(b) Foreign currencies have been converted at the following rates of exchange:

- (i) Current assets and current liabilities—at rates as at December 31, 1970
- (ii) Participation in exploration joint ventures and fixed assets—at rates at dates incurred, acquired or constructed
- (iii) Revenue, operating costs and mineral property costs—at average rates for the year except for depreciation and amortization which are converted at the rates effective on the dates on which the expenditures on the related assets were made.

(c) The difference between the cost of shares of the subsidiary companies and their net book values at the dates when control was acquired has been allocated to those assets to which the excess relates.

(d) The 1969 figures have been restated on a basis comparative with 1970.

#### 3. MARKETABLE SECURITIES

As at December 31, 1970 the Companies held the following securities recorded in the accounts at quoted value which is lower than cost:

	Number of shares	Quoted value \$
Dynasty Explorations Limited .....	183,100	1,025,360
Paramount Mining Ltd. (N.P.L.) .....	134,085	65,702
Land Planning & Development Limited ..	21,000	4,055
		<u>1,095,117</u>

#### 4. PARTICIPATION IN EXPLORATION JOINT VENTURES

	Equity %	Cost \$
(a) Canada		
Hess .....	45	168,670
Victor .....	40	214,357
Tintina .....	40	159,599
Other .....	various	94,066
		<u>636,692</u>
(b) Chile		
Sierra Gorda .....	62	631,611
		<u>1,268,303</u>

Atlas Explorations Limited entered into an agreement with Dynasty Explorations Limited whereby the companies can participate in all new projects initiated by either company with share interest and costs of each project to be sixty per cent (60%) for Dynasty and forty per cent (40%) for Atlas. In addition Dynasty and Atlas gave each other the right of first refusal to participate in their existing projects.

#### 5. MINERAL PROPERTIES AND RELATED COSTS

(a) Mineral properties and related costs are as follows:

		Expenditures and cost of properties \$
Preproduction:—		
Balance—beginning of year ...		1,617,156
Add: Costs reclassified from exploration .....		871,263
		<u>2,488,419</u>
Less: Amortization for the year .....	217,571	
Written-off on closing of Chilean mine ...	678,526	
Provision for non-recovery of gas pre-production costs ...	1,300,000	2,196,097
Balance—end of year .....		<u>292,322</u>
Exploration:—		
Balance—beginning of year ...		2,424,439
Add: Expenditures during the year .....		16,775
Costs relating to mineral properties previously classified as joint venture participation ...		1,216,300
		<u>3,657,514</u>
Less: Costs relating to mineral properties abandoned .....	7,231	
Costs reclassified to preproduction ...	871,263	878,494
Balance—end of year .....		<u>2,779,020</u>
Total .....		<u>3,071,342</u>

(b) The Companies have established a policy for amortization of preproduction expenditures whereby they will be charged to earnings during the anticipated life of the related properties.

- (c) On November 3, 1970 the Company ceased its mining operation and production of cement copper in Chile and is negotiating a lease of this mining property and sale of the related fixed assets and supplies inventory.
- (d) Based on the report of an independent consulting petroleum engineer, the projected discounted cash flow from the Company's Lake Erie gas field is approximately \$1,300,000 less than exploration and capital expenditures in that area to December 31, 1970. The report is based on known data and does not necessarily reflect the potential cash flow should deliverability be increased or additional reserves discovered. However, in recognition of the possible non-recovery of costs, an allowance for \$1,300,000 has been recorded against preproduction costs, and earnings for the year have been reduced by a like amount.



# 6. FIXED ASSETS

Building, equipment, pipeline, land and related accumulated depreciation and amortization are:

	1970		1969	
	Cost	Accumulated depreciation and amortization	Net	Net
	\$	\$	\$	\$
Oil and gas (note 8)	1,073,263	35,549	1,037,714	1,007,778
Mining	862,511	745,020	117,491	297,882
Exploration	145,949	110,870	35,079	53,287
Administration	4,314	4,261	53	57,802
	<u>2,086,037</u>	<u>895,700</u>	<u>1,190,337</u>	<u>1,416,749</u>
Land	8,861		8,861	8,861
	<u>2,094,898</u>	<u>895,700</u>	<u>1,199,198</u>	<u>1,425,610</u>

# 7. SECURITY FOR BANK ADVANCES

As security for the bank advances the Companies have pledged concentrate settlements receivable, concentrate inventories and a portion of the marketable securities.

# 8. LONG-TERM DEBT

Interest on the debt is at the prime bank rate plus 1¼% (at December 31, 1970—8¾%). This loan is repayable on demand. However, because of the nature and purpose of the loan, the Company has recorded \$333,000 as being repayable during 1971 and the balance of \$667,000 as repayable in future years.

The loan is secured by the assignments of book debts, oil and gas producing properties and the proceeds of production therefrom, and by the pledging of the balance of marketable securities (note 3) not already pledged to secure bank advances (note 7).

# 9. CAPITAL STOCK

(a) The Company has issued the following shares of its capital stock:

	No. of shares	Par value \$	Premium \$	Gross \$
Balance—beginning of year	4,893,699	2,446,849	6,401,361	8,848,210
Issued during year for:				
Cash	42,671	21,336	77,078	98,414
Additional interest in a joint venture	22,892	11,446	34,340	45,786
	<u>65,563</u>	<u>32,782</u>	<u>111,418</u>	<u>144,200</u>
Balance—end of year	<u>4,959,262</u>	<u>2,479,631</u>	<u>6,512,779</u>	<u>8,992,410</u>

(b) The Company has agreed to offer Dynasty Explorations Limited on the occasion of each new issue of the Company's shares 25% of the total of such issues on the same terms as offered to others.

(c) The Company has reserved 131,500 shares for employees' stock option plan. Under this plan, options on 50,000 of these shares have been granted at the price of \$1.10 per share expiring at various dates to 1975 and are outstanding at December 31, 1970. In addition, stock options are outstanding to an ex-officer of Silver Titan Mines Limited (N.P.L.) and to officers of Atlas as a result of the acquisition of the net assets and undertakings of Silver Titan to purchase a maximum of 7,331 shares at a price of \$2.00 each, expiring in 1971.

# 10. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Atlas and Dynasty shared management, employees, premises and overhead expenses on the basis that Atlas incurred these expenses and charged to Dynasty its pro rata share, Atlas' portion of the remuneration which was paid to senior officers including directors and consulting companies controlled by them amounted to \$62,326. In addition, a net retainer of \$6,000 in respect of legal services rendered was paid to a legal firm of which a director and officer is a member.

# 11. CONTINGENT LIABILITY

At December 31, 1970, \$247,852 has been received as grants under Northern Mineral Exploration Assistance Regulations. The regulations provide that if the property for which the grants were received should come into production these grants will become a loan subject to repayment, with interest, over a period of ten years from the date production commences.

# 12. LOSS PER SHARE

The loss per share figures are calculated using the weighted monthly average number of shares outstanding during the respective fiscal years.



